



## FINANCIAL AID DEVELOPMENTS

By Kim Slote, policy analyst

### 150 PERCENT DIRECT SUBSIDIZED LOAN LIMIT

On Nov. 12, 2013, the U.S. Department of Education (USDE) published [Electronic Announcement #5](#): 150% Direct Subsidized Loan Limit – Limited School Calculation of Remaining Eligibility. The announcement provides information related to the interim final regulations for MAP-21 and COD System functionality for the 2014-2015 school year. A sample Excel worksheet is attached to the announcement for schools to use in performing required calculations. Also included are instructions and examples for the following topics.

- Remaining Eligibility for Short-Term Academic Programs
- School Calculation of Remaining Eligibility
- Optional Excel Worksheet

On Nov. 25, 2013, the USDE published [Electronic Announcement #6](#): 150% Direct Subsidized Loan Limit-Availability of New NSLDS Enrollment Reporting File Layouts (DRAFTS). Due to implementation of the 150 Percent Direct Subsidized Loan limits, the National Student Loan Data System (NSLDS) must begin collecting enrollment information at the program level. This made it necessary to change the NSLDS enrollment reporting file layouts. Draft versions of the new NSLDS Enrollment Reporting File Layouts for [Fixed-Width](#) and [Comma Separated Values](#) are now available. Schools may begin using the new file layouts no earlier than April 14, 2014.

Additional information outlining the changes in the file layouts is included in the announcement.

On Dec. 20, 2013, the USDE published [Electronic Announcement #7](#): 150% Direct Subsidized Loan Limit-Establishment of IFAP Information Page and First Set of FAQs. A special 150 Percent Direct Subsidized Loan Limit Information page has been established on the Information for Financial Aid Professionals website to ensure institutions have easy access to the most current information and the USDE's implementation plans. Federal Register notices, Dear Colleague Letters, Electronic Announcements, along with training and other resources, are available. You can access the website at the following link: <http://ifap.ed.gov/150PercentDirectSubsidizedLoanLimitInfo/>.

### DIRECT LOAN QUALITY ASSURANCE

The USDE published an [Electronic Announcement](#) Nov. 13, 2013, with a Direct Loan Quality Assurance Requirement Reminder. Schools that participate in the William D. Ford Federal Direct Loan Program are required to implement a quality assurance process within their financial aid office operations. The announcement provides an overview of the Direct Loan quality assurance requirement, options for meeting the Direct Loan quality assurance requirement and explains the importance of having a clearly documented quality assurance process, reviewing the process on



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a regular basis and documenting that the process is being used. Contact information for the COD School Relations Center is included if you have questions.

### VERIFICATION

On Nov. 13, 2013, the USDE published an [Electronic Announcement](#) on Reporting Verification Results Using FAA Access to CPS Online. Beginning with the 2014-2015 Free Application for Federal Student Aid (FAFSA) processing year on Jan. 1, 2014, schools are required to report verification results of students' identity and high school completion status using the FAA Access to CPS Online website at <https://faaaccess.ed.gov>. This only involves students selected for verification by the CPS and placed in Verification Tracking Groups V4 and V5. Students' identity and high school completion status are to be reported using a new Identity Verification Results feature on CPS Online and does not replace normal required verification reporting to the COD System. The announcement includes information on when to report, which students to report and how to report these verification results. The option to submit verification results by uploading a flat file to the website will be available beginning in April 2014.

### GAINFUL EMPLOYMENT

The USDE published Gainful Employment [Electronic Announcement #45](#) Nov. 13, 2013, regarding Posting of Session Two materials related to Negotiated Rulemaking

Committee. In preparation for the second meeting of the negotiating committee scheduled Nov. 18-20, 2013, the USDE provided negotiators with draft regulatory language to be used during their continued discussions. That information was also posted to the USDE [Negotiated Rulemaking 2013-2014-Gainful Employment page](#) under Pre-Session 2 Materials. Documents posted also include information from non-federal negotiators.

Gainful Employment [Electronic Announcement #46](#) was published by the USDE Nov. 22, 2013, on the Release of the Disclosure Template for Gainful Employment (GE) Programs. Institutions are required by Federal Regulation 34 CFR 668.6(b)(2)(iv) to use the Disclosure Template issued by the Secretary to provide all required GE disclosures. No later than Jan. 31, 2014, institutions must use the output document produced from the GE Disclosure Template to meet the current GE disclosure regulatory requirements. This will ensure prospective students have complete and comparable information about GE programs. The disclosure template is available at this link <http://ope.ed.gov/GainfulEmployment/>. Quick Start guides are available at: <http://www2.ed.gov/policy/highered/reg/hea/rulemaking/2009/negreg-summerfall.html>.

On Dec. 5, 2013, the USDE published a [Federal Register](#) announcing an additional negotiated rulemaking session scheduled for Dec. 13, 2013. Updated information regarding draft regulatory language was



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given to the negotiating committee and posted on the USDE [Negotiated Rulemaking 2013-2014-Gainful Employment page](#) under Pre-Session 3 Materials. To keep up to date with current regulations and guidance on Gainful Employment, be sure to check out the [Gainful Employment Information page](#) on the Information for Financial Aid Professionals website.

### REFERENCE GUIDES

An [Electronic Announcement](#) was published by the USDE Nov. 22, 2013, for the 2014-2015 SAR Comment Codes and Text Guide. The [2014-2015 SAR Comment Codes and Text Guide](#) has been posted and can be used as a stand-alone guide or as a companion to the [2014-2015 EDE Technical Reference](#). This reference guide includes a description of changes to the comments on the 2014-2015 Student Aid Report and provides complete text for all 2014-2015 comments.

The USDE published an [Electronic Announcement](#) Dec. 20, 2013, regarding the availability of the updated 2014-2015 COD Technical Reference. The [2014-2015 Common Origination and Disbursement Technical Reference](#) contains development information for the 2014-2015 Award Year. Contact information for the COD School Relations Center is provided for anyone with questions.

On Dec. 20, 2013, the USDE published an [Electronic Announcement](#) on the 2014-2015 Summary of Changes for the Application Processing System Guide. Changes and

enhancements to the application processing system for 2014-2015 are provided in this guide, including the topics listed here:

- Major changes to the 2014-2015 application processing system
- Application processing system schedule for 2014-2015
- 2014-2015 FAFSA, including information about ordering and distribution of FAFSA on the Web Worksheets
- 2014-2015 FAFSA on the Web
- 2014-2015 FAA Access to CPS Online
- 2014-2015 Central Processing System (CPS), including database matches, edits, need analysis, communications sent to students, and other notable changes

### TECHNICAL

The USDE published an [Electronic Announcement](#) Nov. 14, 2013, on COD School Testing for the 2014-2015 Award Year. Common Record Manual Verification and Structured Application Testing for the 2014-2015 Award Year will be conducted by the Common Origination and Disbursement (COD) School Relations Center from Jan. 2, 2014 through Oct. 31, 2014. There will be optional Unstructured Testing available April 21, 2014 through Dec. 5, 2014. Schools, third party servicers and software vendors will have an opportunity to test Federal Pell Grant, TEACH Grant and Direct Loan business processes and system software with the



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COD System prior to transmitting and processing of actual production data using [COD Common Record XML Schema Version 4.0a](#). Instructions related to the testing and how to sign up are included in the announcement.

On Nov. 19, 2013, the USDE published an [Electronic Announcement](#) on Updated NSLDS TSM/FAH Process and Batch File Layouts Available in Spring 2014. The annual posting of updated NSLDS Transfer Student Monitoring and Financial Aid History Process and Batch File Layouts will be delayed until Spring 2014. This will allow the USDE to incorporate changes related to the 150 percent time limit for Direct Subsidized Loans. The [NSLDS TSM and FAH Process and Batch File Layouts](#) originally posted on Nov. 16, 2012, are to be used until the new file layout is available.

The USDE published an [Electronic Announcement](#) Dec. 30, 2013, on the Availability of 2014-2015 CPS Web Applications Demonstrations (Web Demo) System and 2014-2015 CPS Mainframe Test System. The 2014-2015 CPS Web Demo System and 2014-2015 CPS Mainframe Test System are located at <http://fafsademo.test.ed.gov> and are now available for testing. Information on what features are accessible in the test environment is outlined in the DCL, along with the user name and password to use the website.

## FEDERAL PERKINS LOAN DRAP

An [Electronic Announcement](#) was published by the USDE Nov. 15, 2013, on the Federal Perkins Loan Default Reduction Assistance Program (DRAP). There is no cost to schools that choose to participate in the DRAP. The USDE assists schools in bringing defaulted Federal Perkins Loan borrowers back into repayment before their accounts are sent to collection agencies. A letter explaining the serious consequences of default is sent to Perkins Loan borrowers on official letterhead from the USDE. This letter encourages borrowers to contact the school to initiate repayment arrangements. Information regarding timing of requests and instructions on how to request DRAP assistance from the USDE is provided in the announcement.

## SCHOOL CONTACT CENTERS

On Nov. 15, 2013, the USDE published an [Electronic Announcement](#) to remind the community of the availability of a New Phone Line: Reach FSA at 1-855-FSA-4-FAA. Reach FSA is the new phone line that provides the option of calling one number, 1-855-FSA-4-FAA (1-855-372-4322), to reach the following 10 FSA School Contact Centers.

- Campus-Based Call Center
- COD School Relations Center
- CPS/SAIG Technical Support
- eZ-Audit Help Desk
- Federal Student Aid Research and Customer Care Center (RCCC)



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- Foreign Schools Participation Division
- G5 Hotline
- NSLDS Customer Support Center
- Nelnet Total and Permanent Disability Servicer
- School Eligibility Service Group

Reach FSA helps callers from the financial aid community to identify the appropriate Contact Center to address their question and then transfers them to the Contact Center's current Interactive Voice Response (IVR) Unit. It is important to note that this number should not be shared with students or borrowers.

### PSEUDO-SSN

The USDE published an [Electronic Announcement](#) Nov. 20, 2013, on the Use of Pseudo-SSNs for Pacific Islander FAFSA Submissions. This announcement provides clarification and guidance regarding the use of "pseudo" Social Security numbers by students from the Pacific Islands. First-time FAFSA filers from the Pacific Islands who do not have assigned SSNs and FAAs submitting application data for these students currently enter "666" for the first three digits of the SSN and leave the remaining digits blank. The CPS assigns the student a new nine-digit pseudo-SSN that begins with "666" when the application is processed. To ensure the CPS can properly calculate the Federal Pell Grant lifetime eligibility limit information, returning FAFSA filers from one of the Pacific Island groups must continue to use the same nine-

digit pseudo-SSN originally assigned to them by the CPS. Providing only the first three "666" digits of the pseudo-SSN on any subsequent FAFSA will cause a new pseudo-SSN to be created.

### LOAN SERVICING

An [Electronic Announcement](#) was published by the USDE Nov. 27, 2013, on New Direct Consolidation Loan Process Information-High-Level Overview of Phased Implementation Approach. Because the contract has ended between the USDE and ACS (Xerox), additional functions performed by ACS (Xerox) will be transitioned to new servicers. This announcement gives a high level overview on the closure of the existing loan consolidation system and transition to a new Direct Consolidation Loan process using a phased approach. Questions and answers are included for additional guidance.

The USDE published an [Electronic Announcement](#) Dec. 30, 2013, on Loan Servicing Information-Participation for FFEL Lenders and Lender Servicers in Electronic IBR/Pay As You Earn/ICR Repayment Plan Request. A new electronic process for FFEL Program lenders and lender servicers to participate in the Electronic IBR/PAYE/ICR Repayment Plan Request process is now available. Borrowers who have eligible commercially-held FFELP loans will be able to apply for the IBR Plan through the electronic application process if their lenders or lender servicers participate. There is also an option for





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FFELP lenders and lender servicers to add access to the COD website to search for and view borrower's submitted Electronic IBR/PAYE/ICR Repayment Plan Request applications. Further instructions are available in the announcement related to eligibility and enrollment in the process.

### FORMS

On Nov. 29, 2013, the USDE published Dear Colleague Letter [GEN-13-23](#) about Renewal of Military Service and Post-Active Duty Student Deferment Request. The Military Service and Post-Active Duty Student Deferment Request was revised for use by lenders and servicers in the Direct Loan, Federal Family Education Loan and Federal Perkins Loan programs. The new form may be used immediately and has an expiration date of Sept. 30, 2016. The previous form with an expiration date of July 31, 2013, may be distributed until Feb. 28, 2014, but accepted no later than May 31, 2014. Loan holders and servicers must use the new form beginning July 1, 2014. The DCL has information on the substantive changes to the military deferment form, along with reformatting and printing instructions.

Dear Colleague Letter [GEN-13-26](#) was published by the USDE Dec. 13, 2013, regarding the 2014-2015 Financial Aid Shopping Sheet. The DCL summarizes changes made to the Financial Aid Shopping Sheet based on feedback received by the USDE during the last year. Attachments to DCL GEN-13-26 include the 2014-2015

Shopping Sheet Template in PDF Format, HTML specifications and Institutional Metric Data Files. Institutions can still adopt the Shopping Sheet for 2014-2015 by sending a request to or provide feedback to [ShoppingSheet@ed.gov](mailto:ShoppingSheet@ed.gov).

On Dec. 17, 2013, the USDE published an [Electronic Announcement](#) 2014-2015 Student Aid Eligibility Worksheet for Question 23. The 2014-2015 Student Aid Eligibility Worksheet for Question 23 of the FAFSA is currently available in English or Spanish, in PDF format. This worksheet is to be used in determining an applicant's eligibility for federal student aid when a conviction for possessing or selling illegal drugs has been reported on the FAFSA or question 23 has been left blank on the FAFSA.

### TRAINING

The USDE published an [Electronic Announcement](#) December 2, 2013, regarding a 2014-2015 *FAFSA on the Web* Preview Presentation. The Microsoft PowerPoint presentation attached to the announcement contains information and screen shots to assist the community with the 2014-2015 FAFSA processing cycle. Financial aid administrators, mentors and counselors can use the presentation as a reference tool for internal staff training or high school night presentations. The 2014-2015 Web Demonstration is available at <http://fafsademotest.ed.gov> and can be used as a training tool for staff, students and parents. The User ID to access the



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demonstration site is **eddemo** and the password is **fafsatest**. Contact information for further assistance is provided in the announcement.

Dear Colleague Letter [ANN-13-20](#) was published by the USDE Dec. 9, 2013, announcing the availability of Webinar Recording-150% Direct Subsidized Loan Limit Webinar #3: Review of Basics and Implementation Update. This is a 90 minute training session reviewing the key concepts related to the 150 percent Direct Subsidized Loan limit provisions. Also included are implementation plans and critical reporting requirements. No registration is required to view the recorded training session at this link <http://ifap.ed.gov/ifap/ifapMedia.jsp#150DSLLWebinar3on111213>.

The USDE published Dear Colleague Letter [ANN-13-21](#) Dec. 30, 2013, about FSA COACH-2013-2014 Update for Domestic Schools. The updated FSA COACH for Domestic Schools is an introductory online course on the administration of Federal Student Aid programs. There are 33 self-paced lessons that can be completed individually or as a full course. This course can be found on the new Federal Student Aid E-Training website at <http://fsatraining.info>, under the Basic Title IV Training link at the top of the Web page. You will be required to log in with a username and password to access the training.

## RESOURCES

On Dec. 4, 2013, the USDE published an [Electronic Announcement](#) titled U.S. Department of Education's Office of Federal Student Aid Launches Financial Aid Toolkit. The online toolkit is available at [FinancialAidToolkit.ed.gov](http://FinancialAidToolkit.ed.gov). This website consolidates financial aid resources and content into a searchable online database for quick access. Information and documents provided span the entire financial aid lifecycle from applying for financial aid to repaying student loans. Also included is professional development help through training opportunities and resources for self-instruction. You are encouraged to check out this new tool and share it with other organizations that interact with students and their families preparing for college or career school.

The USDE published an [Electronic Announcement](#) Dec. 16, 2013, with Information About Teacher Cancellation Low-Income Directory Updates. Schools are being advised that an email has been sent to states reminding them to submit their updated lists of low-income schools and education service agencies to be included in the Directory of Designated Low-Income Schools for Teacher Cancellation Benefits. The directory is available at <https://www.tcli.ed.gov/CBSWebApp/tcli/> and is also known as the Teacher Cancellation Low-Income Directory or TCLI Directory. Eligibility of teachers for loan cancellation with the Perkins Loan Program and loan forgiveness with the



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FFEL Program and Direct Loan Program is determined using the list of schools and educational service agencies that serve low-income families in the TCLI Directory. Schools may use the TCLI Directory when counseling students who are planning to become teachers. A copy of the email to the states is attached to this announcement.

A community index that shows regulatory and statutory citations by topic was recently updated by the National Council of Higher Education Resources (NCHER) Regulations Committee. It is called the Topical Index and is available on the [Reference Materials and Resources](#) page of the NCHER e-library. This version includes updates from the last two final regulations packages resulting from the “Loan Issues” negotiated rulemaking activities.

### EXPERIMENTAL SITES INITIATIVE

The USDE published Dear Colleague Letter [GEN-13-24](#) Dec. 4, 2013, on the Experimental Sites Initiative-Solicitation of Ideas. Ideas are being solicited for experiments to test alternative approaches for the administration of the Federal Student Financial Assistance Programs as part of the USDE’s ongoing Experimental Sites Initiative. Specifically, the Secretary is seeking suggestions for creative experiments to test innovations that have potential to increase quality and reduce costs in higher education. Focus should be placed on experiments designed to improve student persistence and academic success, result in shorter time to a degree and reduce reliance

on student loans. Some examples of areas that could be considered include:

- Allowing flexibility in how institutions provide Federal student aid to students enrolled in competency-based education programs where progress is measured on the basis of how much has been learned, rather than measures of time;
- Allowing high school students to receive Federal student aid for enrollment in postsecondary course work without a reduction in the amount of State and local support provided for such enrollment;
- Allowing Federal student aid to be used to pay for assessments of prior learning and other processes to evaluate students’ knowledge.

More detailed information is provided in the Dear Colleague Letter, as well as, in the [Federal Register](#) published by the USDE Dec. 6, 2013, with Notice Inviting Suggestions for New Experiments for the Title IV Student Assistance Programs. Instructions on submitting suggestions are provided in both documents.

### DEFENSE OF MARRIAGE ACT

On Dec. 13, 2013, the USDE published Dear Colleague Letter [GEN-13-25](#) about the Supreme Court Ruling on the Defense of Marriage Act and the Implications for the Title IV Student Financial Assistance Programs. Important information is provided in the DCL on the use of “marriage” and





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“spouse” in the Title IV Student Financial Assistance Programs and regarding completion of the FAFSA, due to the decision by the Supreme Court invalidating Section 3 of the Defense of Marriage Act (United States v. Windsor). Implications for FAFSA completion and EFC calculation are explained in the DCL. Additional instructions and revised guidance are provided in the letter and can also be accessed at the [Studentaid.ed.gov](http://Studentaid.ed.gov) website or the Federal Student Aid Information Center at 1-800 4 FED AID.

### **SEQUESTRATION**

The USDE published Dear Colleague Letter [GEN-13-27](#) Dec. 24, 2013, with an IMPORTANT UPDATE: Change to FY 2014 Sequestration-Required Reduction for TEACH Grant. The sequestration-required reduction that must be applied to TEACH Grants first disbursed on or after Oct. 1, 2013, and before Oct. 1, 2014, has been changed from the 7.2 percent reduction first announced in DCL [GEN-13-22](#) Oct. 17, 2013. The revised reduction is 0.89 percent decreased from the 7.2 percent reduction resulting in an increased TEACH Grant award amount of approximately \$250. Institutions must adjust TEACH Grant awards with a first disbursement date on or after Oct. 1, 2013, and before Oct. 1, 2014, and award the additional funds to the affected students. TEACH Grant information that was previously reported to COD must be updated as well.

### **COMMON MANUAL**

Proposed policy updates to the Common Manual must be distributed to each guarantor for comment before being presented to the Common Manual Governing Board for review and approval. Each proposal is also sent to higher education organizations and others in the community that are subscribed to the Common Manual public listserv. Proposals for Batch 196, 197 and 198 are currently posted on the Common Manual website at [www.commonmanual.org](http://www.commonmanual.org); under the “Review Proposals Out For Comment” tab.